

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 1297 - HB 1922**

March 12, 2011

**SUMMARY OF BILL:** Requires the loan limits on state banks to take into consideration the credit exposure to derivative transactions.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

**Assumptions:**

- A derivative transaction is defined as a transaction that is a contract, agreement, swap, warrant, note, or option that is based, in whole or in part, on the value of, any interest in, or any quantitative measure or the occurrence of any event relating to one or more commodities, securities, currencies, interest, or other rates, indices, or other assets.
- The Department of Financial Institutions will determine during an examination of a state chartered bank engaging in derivative transactions whether such bank factored into consideration credit exposure to derivative transactions for legal lending limit purposes.
- Any increased cost incurred during the examination can be accommodated within existing resources without an increased appropriation or reduced reversion.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White".

James W. White, Executive Director

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